

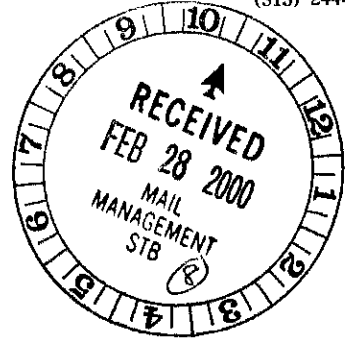
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LAW OFFICES  
of  
**T. SCOTT BANNISTER AND ASSOCIATES**  
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February 25, 2000



**VIA FEDERAL EXPRESS DELIVERY**

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

ENTERED  
Office of the Secretary  
FEB 28 2000  
Part of  
Public Record

Re: ExParte No. 582

Dear Mr. Williams:

Pursuant to the Board's Decision served on February 17, 2000, please find enclosed an original and 10 copies of the Summary of Statement of Henry Posner III on behalf of Iowa Interstate Railroad, Ltd. and also enclosed is a 3.5" IBM-compatible diskette formatted for Word Perfect 7.0 containing the same.

Thank you for your attention to this matter.

Sincerely,

T. Scott Bannister

TSB:hjw

Enclosures

cc: Henry Posner III  
Donald C. Byers  
Craig A. Fischer  
Jon R. Roy  
Marc A. Sanner  
Fred W. Schwarz  
Douglas M. Christy

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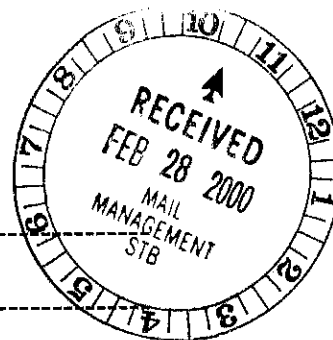
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BEFORE THE  
SURFACE TRANSPORTATION BOARD

STB ExPARTE NO. 582



SUMMARY OF STATEMENT OF  
HENRY POSNER III  
ON BEHALF OF  
IOWA INTERSTATE RAILROAD, LTD.

Submitted by:

T. Scott Bannister  
General Counsel for Iowa Interstate  
Railroad, Ltd.  
1300 Des Moines Building  
405 – Sixth Avenue  
Des Moines, IA 50309  
Telephone: (515)244-0177  
Telefax: (515) 244-8258

DATED: February 25, 2000

**SUMMARY OF STATEMENT OF HENRY POSNER III  
ON BEHALF OF IOWA INTERSTATE RAILROAD, LTD.  
TO THE  
SURFACE TRANSPORTATION BOARD  
IN  
STB DOCKET EX PARTE NO. 582**

My name is Henry Posner III, and I am Chairman of Railroad Development Corporation ("RDC"), 500 Greentree Commons, 381 Mansfield Avenue, Pittsburgh, PA 15220, telephone (412) 928-0777, facsimile (412) 928-7715, and email [rdc@rrdc.com](mailto:rdc@rrdc.com). I am also Chairman of the Board of Directors of Iowa Interstate Railroad, Ltd. ("Iowa Interstate").

RDC is a railway management and investment company with interests in domestic and international railways. In addition to our investment in Iowa Interstate, RDC is involved in owning and operating railways in Argentina, Guatemala, Peru and Malawi. RDC is also a privately held company, which is perhaps more important in the case of this proceeding; because we are private, I do not have to worry about the impact of what I am about to say on our stock price.

Iowa Interstate is a Class II regional railroad which was formed in November 1984 to operate the abandoned former Rock Island mainline between Chicago and Omaha via the most densely populated corridor across Iowa. Since 1984 Iowa Interstate has remained focused on its mandate to provide East and West access to on-line customers, as opposed to competing for "bridge" traffic between those points. As the weakest of the four surviving lines between Chicago and Omaha, the Iowa Interstate has survived and has been viable by being realistic about its prospects in the marketplace.

Because of the nature of its route structure and markets, the Iowa Interstate is disproportionately exposed to negative downstream impacts from rail mergers. For example, we are paralleled by CN to the North and BNSF to the South, as well as the Union Pacific. In recent years we have seen substantial erosion of our traffic base due to competition from our parallel Class I railroads, and expect that competition to intensify due to mergers around us. Arising from this will be the increasing lack of commercially viable interchange options for Iowa Interstate, both in the Cedar

Rapids and Iowa City marketplace as well as in the Chicago and Council Bluffs/Omaha switching districts.

The STB needs to tell us which of its own mandates we are expected to follow in this environment. If it is the economic Darwinism that we must downsize our route structure in order to survive, we will accept that. What our investors cannot accept however, is to be prevented from taking such action because of public interest concerns.

Iowa Interstate as a through route currently serves, in my opinion, a significant public interest. In addition to handling the needs of our on-line customers to both the Chicago and Omaha gateways, in the past several years we have served as an important alternative in the case of capacity and service breakdowns such as experienced by the Union Pacific. Our railroad is also an important link in the proposed Amtrak route across Iowa, being the only East-West route through Des Moines and Iowa City.

I personally am committed to the idea that this railroad, which so many have said was an unnecessary parallel route, should survive. I believe in railways and am proud of our association with railways in environments even more difficult than Iowa Interstate's – such as Guatemala's railway which was abandoned in 1996, destroyed by Hurricane Mitch in 1998, and now reopened for traffic. Nonetheless, we cannot survive as a business by providing services dictated by, but not funded by, public policy.

Our request to the STB is therefore to either mandate "economic" or "commercial" protective conditions with significant default provisions included as a remedy for railways in circumstances such as ours, or to stand aside and let the market dictate which portions of our railway will be operated and which will be selectively liquidated.

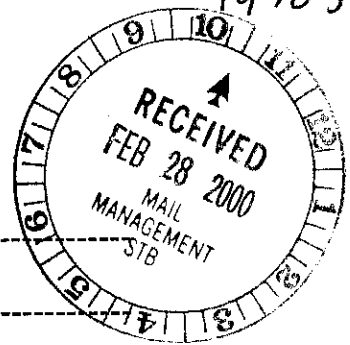
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IOWA INTERSTATE RAILROAD, LTD.

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T. Scott Bannister  
General Counsel for Iowa Interstate  
Railroad, Ltd.  
1300 Des Moines Building  
405 – Sixth Avenue  
Des Moines, IA 50309  
Telephone: (515)244-0177  
Telefax: (515) 244-8258

DATED: February 25, 2000

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ON BEHALF OF IOWA INTERSTATE RAILROAD, LTD.  
TO THE  
SURFACE TRANSPORTATION BOARD  
IN  
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